

Tax Exempt Usage Requirements for Investment Income from Certificates of Participation

FY2012 Request: \$205,300
Reference No: 37753

AP/AL: Appropriation **Project Type:** Life / Health / Safety
Category: Health/Human Services
Location: Anchorage (Lore/Abbott) **House District:** Lore/Abbott (HD 30)
Impact House District: Statewide (HD 1-40) **Contact:** Kristin Ryan
Estimated Project Dates: 07/01/2011 - 06/30/2012 **Contact Phone:** (907)269-7648

Brief Summary and Statement of Need:

The Department of Environmental Conservation requests Miscellaneous Earnings authorization in order to satisfy the tax exempt usage requirements for the investment income earned from the issuance of Certificates of Participation for the building of the Environmental Health Lab.

Funding:	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>Total</u>
Misc Earn	\$205,300						\$205,300
Total:	\$205,300	\$0	\$0	\$0	\$0	\$0	\$205,300

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

The Department signed a Certificate of Participation in FY2003 as part of the bond issue process to fund the building of the Environmental Health Laboratory.

Project Description/Justification:

The Department of Environmental Conservation requests \$205,300 in Miscellaneous Earnings authorization in order to satisfy the tax exempt usage requirements for the investment income earned from the issuance of Certificates of Participation for the building of the Environmental Health Lab. If these funds are not made available for use for this capital project, they will become taxable. Capital expenditures eligible to be funded by this investment income have already been made, therefore the approval of this appropriation will fully resolve this liability issue. This is a one-time event; there is a zero balance in this original bond.

Should this authority not be granted, the Department will be required to pay taxes on this investment income, pulling it away from existing programs.